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REPORT OF THE SECRETARY-GENERAL PURSUANT TO PARAGRAPH 4 OF RESOLUTION 1143 (1997)

I. INTRODUCTION

1. In paragraph 4 of its resolution 1143 (1997) of 4 December 1997, the Security Council requested the Secretary-General to report to the Council 90 days after the entry into force of paragraph 1 of the resolution, on the basis of observation by United Nations personnel in Iraq, and after consultations with the Government of Iraq, on whether Iraq had ensured the equitable distribution of medicine, health supplies, foodstuffs and materials and supplies for essential civilian needs, financed in accordance with paragraph 8 (a) of resolution 986 (1995), including in his reports any observations he might have on the adequacy of the revenues to meet Iraq's capacity to export sufficient quantities of petroleum and petroleum products to produce the sum referred to in paragraph 1 of resolution 986 (1995).

2. The present report provides information up to 15 February 1998 on the distribution of humanitarian supplies throughout Iraq, including the implementation of the United Nations Inter-Agency Humanitarian Programme in the three northern governorates of Dahuk, Erbil and Sulaymaniyah. Furthermore, the report provides information on the work of the Secretariat in processing applications to the Security Council Committee established by resolution 661 (1990) of 6 August 1990 on the activities of the oil overseers, the United Nations independent oil monitors (Saybolt) deployed to observe oil loadings and transfers, as well as on the work of the independent inspection agents (Lloyd's Register), charged with authenticating the arrival of humanitarian goods in Iraq. Since no humanitarian goods under phase III of resolution 986 (1995) have reached Iraq yet, I will report on the implementation of the third phase in my report prior to the end of the 180-day period, pursuant to paragraph 4 of resolution 1143 (1997).

II. SALE OF PETROLEUM AND PETROLEUM PRODUCTS

3. Since the beginning of phase III, the overseers have reviewed and approved a total of 34 contracts involving purchases from 14 countries: Algeria (1); Austria (1); France (2); India (1); Indonesia (1); Italy (3); Morocco (1); Netherlands (1); Russian Federation (12); Spain (2); Switzerland (1);

Turkey (3); United Kingdom of Great Britain and Northern Ireland (2); and United States of America (3). The total quantity of oil approved for export under those contracts corresponds to approximately 152 million barrels for 180 days - the highest amount since the beginning of the implementation of resolution 986 (1995). At current prices, total revenue projected for the whole 180-day period is about $1.87 billion (including the pipeline fee). All contracts submitted employed pricing mechanisms approved by the Committee on the recommendation of the oil overseers.

4. Under phase I, the Government of Iraq was authorized to export oil at a time when the price averaged $17.99 per barrel. A total of 119,515,720 barrels were exported, which raised $2,149,806,398. Under phase II, the Government was authorized to export oil when it averaged $16.74 per barrel. Iraq exported 126,942,341 barrels, raising $2,124,569,788. In the first 63 days of phase III, Iraq was authorized to export oil when the price was at $12.18 per barrel, selling 50,663,476 barrels, which raised $617,130,190. Compared to the first half of phase I, when Iraq exported 51,611,001 barrels, the 32 per cent decline in the price of oil per barrel in phase III means that Iraq would have to export a total of 84,916,622 barrels to raise comparable revenue. As at 27 February 1998, in the first quarter of phase III, 42 loadings totalling 46.1 million barrels with an estimated value of $570 million, had been completed. About 66 per cent of the liftings have been made at Ceyhan, Turkey. Eight liftings, totalling 10.2 million barrels with an estimated value of $120 million, are scheduled for the remainder of the first 90-day period of phase III. Owing to the delayed resumption in the sale of petroleum from Iraq under resolution 1143 (1997) and a serious price drop since the adoption of the resolution 1143 (1997), a $380 million revenue shortfall in the 90-day revenue objective of $1.07 billion (including the pipeline fee) is anticipated, if current prices remain unchanged.

5. The oil overseers have continued to advise and assist the Security Council Committee on the pricing mechanisms, contract approval and modifications, management of the first quarter revenue objective of $1.07 billion (including the pipeline fee) and other pertinent questions related to exports and monitoring, under resolutions 986 (1995), 1111 (1997) of 4 June 1997, 1129 (1997) of 12 September 1997 and 1143 (1997). The overseers and Saybolt have worked closely to insure the monitoring of the relevant oil installations as well as the liftings.

6. During phase III of the implementation of resolution 986 (1995), the export of petroleum from Iraq has proceeded smoothly, with excellent cooperation among the United Nations oil overseers, Saybolt, the Turkish authorities, the Iraqi State Oil Marketing Organization and the national oil purchasers. Based on the assessment of the overseers and Saybolt, Iraq is capable of exporting sufficient quantities of petroleum to meet the revenue target of $2 billion for phase III.

7. The last proceeds of oil sales effected under resolution 1111 (1997) were deposited into the United Nations Account on 2 January 1998. A total of 128 letters of credit were processed, representing $2,124,569,788 worth of oil. Between 15 January and 20 February 1998, 43 letters of credit were confirmed by the Banque nationale de Paris pursuant to resolution 1143 (1997). The proceeds

of those oil sales are expected to be approximately $598 million, but will vary in accordance with the market prices.

III. PURCHASE AND CONFIRMATION OF ARRIVAL OF HUMANITARIAN SUPPLIES

8. In addition to the start-up of phase III operations during the period, the processing of applications continued under both phase I and phase II, with the result that available funds for the purchase of humanitarian supplies are almost exhausted with respect to phase I and fully depleted regarding phase II. Emphasis continues to be given to improving internal procedures, with a view to facilitating a smoother and more efficient process for the approval of contracts.

9. As at 27 February 1998, a total of 957 phase I applications for exports of humanitarian supplies to Iraq had been received by the United Nations Secretariat, of which 879 had been submitted to the Security Council Committee for its decision, 69 had subsequently been cancelled and 9 were yet to be circulated. Of the 879 applications sent to the Committee, 830 were approved, 44 blocked and 5 were on hold. With respect to phase II, a total of 611 applications had been received, of which 558 had been submitted to the Committee, 20 had been cancelled and 33 were not circulated. Of the 558 applications sent to the Committee, 536 were approved, one blocked and 21 were on hold. Regarding phase III, a total of 80 applications had been received, of which 75 had been sent to the Committee, 2 had been cancelled and 5 were not yet circulated. Of the 73 applications submitted, 49 were approved, one was on hold and 25 were pending under the "no-objection" procedure. In monetary terms, over 93 per cent of the total dollar value of phase I applications submitted to the Committee has been approved and over 98 per cent for phase II.

10. The United Nations independent inspection agents, Lloyd's Register, charged with authenticating the arrival of humanitarian goods in Iraq, have continued to carry out their mandate at the designated entry points at Al-Walid, Trebil, Zakho and the port of Umm Qasr. In fulfilling their functions, the inspectors have received complete cooperation from the Iraqi authorities at all border crossings.

IV. UNITED NATIONS IRAQ ACCOUNT

11. Under phase I, as at 20 February 1998, a total of 842 letters of credit for humanitarian supplies had been approved or issued pursuant to resolution 986 (1995), amounting to approximately $1,212,863,515, including joint purchases for food and medical supplies for the three northern governorates. As at 20 February 1998, 1,343 payments totalling $1,060,948,733 had been paid to suppliers for delivery of humanitarian goods under the terms of their letter of credit.

12. Under phase II, a total of 346 letters of credit for humanitarian goods have been approved or issued pursuant to resolution 1111 (1997), amounting to approximately $999,938,770, including joint purchases for the three northern

governorates. As at 20 February 1998, 209 payments totalling $423,474,195 had been paid to suppliers under the terms of their letters of credit. No letters of credit had been approved or issued pursuant to resolution 1143 (1997) as at 20 February 1998.

13. As at 20 February 1998, the closing balance in the United Nations Iraq Account at the Banque nationale de Paris was $935,175,964, of which a total $912,891,986 of the balance in the account was considered segregated for approved and issued letters of credit.

14. The Security Council, in its resolution 1143 (1997), authorized the Government of Iraq to export petroleum and petroleum products for another period of 180 days, starting from 5 December 1997. As at 20 February 1998, of the $2 billion authorized under resolution 1143 (1997), $101.2 million had been deposited into the account for phase III.

15. The allocation of total oil proceeds received to date and the corresponding expenditures are as follows:

(a) $2,174.3 million has been allocated for the purchase of humanitarian supplies by the Government of Iraq, as specified in paragraph 8 (a) of resolution 986 (1995). Letters of credit issued by the Banque nationale de Paris on behalf of the United Nations for the payment of those supplies for the whole of Iraq amounted to $2,212.8 million, the difference being $144.6 million, which represents the reimbursement for bulk purchases made by the Government of Iraq for northern Iraq and distributed by the United Nations Inter-Agency Humanitarian Programme;

(b) $523.9 million has been allocated for the purchase of humanitarian goods to be distributed in the three northern governorates by the United Nations Inter-Agency Humanitarian Programme, as specified in paragraph 8 (b) of the resolution. Expenditures recorded for humanitarian goods approved by the Security Council Committee amounted to $371.5 million;

(c) $1,312.7 million has been transferred directly into the United Nations Compensation Fund as specified in paragraph 8 (c) of the resolution. Of that amount, 30 per cent (equivalent to $82.8 million) was transferred from the account for the Kirkuk-Yumurtalik pipeline fees through Turkey (see subparagraph (f) below). As at 20 February 1998, a total of $67.9 million had been allotted to cover the operating expenditures of the Compensation Commission and an amount of $713.0 million for payment of first and second instalments of "A" and "C" claims;

(d) $90.8 million has been allocated for the operational and administrative expenses of the United Nations associated with the implementation of resolution 986 (1995), as specified in paragraph 8 (d) of the resolution. Expenditures for administrative costs for all United Nations entities involved in implementing the resolution amounted to $64.9 million;

(e) $30.8 million has been allocated to the United Nations Special Commission for its operating expenses, as specified in paragraph 8 (e) of the resolution. Expenditures for the Special Commission amounted to $26.1 million;

(f) $275.9 million has been set aside for the transportation costs of petroleum and petroleum products originating in Iraq exported via the Kirkuk-Yumurtalik pipeline through Turkey, in accordance with paragraph 8 (f) of the resolution and in line with procedures adopted by the Security Council Committee. Of that amount, $193.1 million has been paid to the Government of Turkey and $82.8 million, representing 30 per cent, has been transferred to the United Nations Compensation Fund;

(g) $41.0 million has been transferred directly to the escrow account established pursuant to resolutions 706 (1991) of 15 August 1991 and 712 (1991) of 19 September 1991 for the repayments envisaged under paragraph 6 of resolution 778 (1992) of 2 October 1992, as specified in paragraph 8 (g) of resolution 986 (1995).

V. APPROVAL, ARRIVAL AND DISTRIBUTION OF HUMANITARIAN SUPPLIES

16. As at 15 February 1998, of the 2,979,650 tons of food supplies contracted under phase I, a total of 2,727,249 had arrived in Iraq. For phase II, 1,522,053 tons have arrived in Iraq and World Food Programme (WFP) observers report that a total of 3,799,777 tons purchased under phases I and II have been distributed. On 16 September 1997, the first supplies purchased under phase II were contracted. No supplies under phase III have arrived in Iraq to date. According to available data, the time for contract approval has been reduced significantly but lengthy arrival times for foodstuffs have continued. During the reporting period, food and related commodities were late in reaching beneficiaries and quantities were either reduced or absent.

17. In the medical sector, as at 15 February 1998, out of the total phase I allocation of $210 million, contracts worth $200 million had been approved by the Security Council Committee. The value of medicines and related supplies received is $147,514,513, representing 70.2 per cent of the phase I allocation. Under the phase II allocation of $210 million, the Iraqi State Company for Importation of Drugs and Medical Supplies (Kimadia) has concluded 281 contracts worth $250 million, of which 214 contracts amounting to $189,171,427 have been approved. Nineteen additional contracts amounting to $23,580,318 remain on hold.

18. In the water and sanitation sector, $24 million has been allocated under each phase. Under phase I, 29 contracts worth $22,894,236 have been submitted and approved. Under phase II, 24 contracts worth $20,168,792 were submitted, 23 of which worth $19,279,203 have been approved and one worth $890,589 put on hold. To date, supplies under phase I worth $11,917,544 amounting to 52 per cent of approved applications have been received by the water authorities. Fifty-six per cent of the total quantity of liquid chlorine gas ordered under phase I has arrived to date and has been distributed throughout the 15 governorates in the centre and south of Iraq. It is estimated that the delivery of chlorine gas for phase I is expected to be completed by March 1998. No commodities under phase II or III have arrived as yet.

19. In the electricity sector, under phase I, 105 applications worth $36,710,833 have been submitted to the Security Council Committee, 88 of which

worth $35,593,463 have been approved. Two applications for equipment worth $1.17 million remain on hold, 2 applications worth $693,585 are still pending and 12 applications worth $4.3 million remain blocked. Under phase II, 28 applications worth $41,964,268 have been submitted, 25 worth $40,356,666 of which have been approved. One application worth $1.15 million remains on hold and three worth some $600,000 for electrical equipment and spare parts for the Baiji and Dura power stations have been submitted. Material and equipment worth $11.3 million, or over 32 per cent of the approved applications for phase I, has been received and distributed accordingly. No equipment under phase II or III has arrived as yet.

20. The agricultural sector has been allocated a total of $72 million under the first three phases. Contracts for 91 per cent of the phase I and II allocation of $48 million have been submitted to the Security Council Committee. The rate of approval has increased considerably, with contracts for 87 per cent of the phase I and II allocations approved. Delivery to the central distribution points in Baghdad has reached 24 per cent of the total phase I and II allocation, with a 53 per cent increase in rate of delivery compared with the previous reporting period. However, these deliveries do not include any phase II supplies. Out-of-season deliveries amounted to 51 per cent of total deliveries, which has allowed for the distribution of 44 per cent of delivered supplies from the central distribution points to the 15 governorate distribution points. Out-of-season deliveries will be stored until the following summer season. A number of inputs such as tractors, ground sprayers and irrigation pumps are released to end-users from central distribution points and governorate distribution points, while the majority of small-scale farm items are released from district distribution points at the district level within governorates. Distribution of inputs to their release to end-user distribution points has reached 40 per cent of delivered supplies, representing 9.6 per cent of allocated phase I and II funds. In-country deliveries amounted to 15 per cent, with agricultural helicopter spare parts for 64 per cent of the submitted value expected to arrive by March 1998. Release of inputs to end-users has begun, with an estimated $210,000 implemented. Estimates are made on the basis of a spot-check coverage of district distribution points as further elaborated in section VI of this report. Government loans are available to all farmers for the purchase of agricultural inputs. Under Security Council resolution 986 (1995), loans have only been requested by relatively new farmers, operating on reclaimed land, in order to purchase irrigation pumps. All inputs are sold to farmers at subsidized prices that vary from 5 to 30 per cent of the purchase cost from the supplier.

21. In the education sector, $12 million has been allocated for each phase. Under phase I, 12 contracts have been submitted to the Security Council Committee, out of which 8 worth $10,950,428 have been approved and 2 blocked. Under the second phase, 14 contracts worth $10,723,633 have been submitted, of which 12 worth $10,582,437 have been approved, with one blocked, one on hold and 2 being processed. Only supplies ordered under phase I worth $2,220,300 have arrived and are in the process of being distributed. The United Nations Children's Fund (UNICEF) has confirmed that 50 per cent of these commodities were distributed within three weeks.

Approval, arrival and distribution of humanitarian supplies in Dahuk, Erbil and Sulaymaniyah

22. The three northern governorates of Dahuk, Erbil and Sulaymaniyah have been allocated $44.8 million for food purchased for the general ration and $1.3 million for the supplementary feeding programme. As at 15 February 1998, a total of 148,785 tons of food, soap and detergent arrived at warehouses managed by WFP in Mosul and Kirkuk, compared with a total requirement of 117,635 tons. A total of 118,239 tons has been distributed to over 10,300 ration agents throughout the three northern governorates. The amount distributed exceeds the quantities required owing to the fact that during the month of December 1997, distribution of some commodities that were previously not available was undertaken. WFP continued to provide newly displaced persons with a one-time emergency ration while they were being re-registered to receive the regular ration. As part of the re-registration process, WFP has physically confirmed the status of internally displaced persons and cross-checked their ration registration records on its computerized database.

23. The WFP/UNICEF supplementary feeding programme in the north continues to complement the distribution of general rations. To date, WFP has procured a total of 17,073 tons of supplementary food commodities worth $9.45 million. A total of 7,571 tons has arrived in the three northern governorates, of which 2,126.16 have been distributed. This figure is due to the fact that WFP has been utilizing supplies from its emergency operation prior to the adoption of Council resolution 986 (1995), which is in the process of being phased out. Purchasing has been purposely staggered to insure that, while sufficient stocks are kept in the country, stock levels are not so high as to allow spoilage. In January 1998, WFP distributed 1,003 tons of supplementary food to some 230,000 recipients out of a planned 262,000. The selection criteria for this programme are stringent and the remaining 45,000 beneficiaries are expected to be identified during February and March 1998. The number of recipients for the supplementary food ration provided for under Council resolution 986 (1995) has reached 241,788 persons. To date, UNICEF nutritional supplies worth $577,149 have arrived under phase I. Ninety-nine per cent of these supplies have been distributed. Under phase II, a total budget of $3,170,000 has been allocated to both nutrition and child protection. Eleven applications worth $2,422,833 were approved by the Security Council Committee. No commodities have yet arrived under phase II, and no applications have been submitted under phase III. Also, through 87 public health centres and 30 nutritional rehabilitation centres in the north, UNICEF provides therapeutic milk powder to benefit approximately 25,000 malnourished children. All growth-monitoring equipment has been received and distributed to 412 public health centres and 13 nutritional rehabilitation centres. All micro-nutrients have also been received and distributed to 2,000 anaemic children, pregnant women and lactating mothers. Teaching aides were also received and distributed to 13 public health centres and nutritional rehabilitation centres for growth-monitoring and health education activities.

24. Medicines and related supplies with a total value of $11,838,825, or 41.1 per cent of the $28.8 million allocated under phase I, have arrived. The Dahuk governorate has received 98 per cent of its allocated share of these commodities and Erbil and Sulaymaniyah have received 84 and 83 per cent respectively. Medical equipment worth $4 million has been received in the

northern governorates, 23 per cent of which has been allocated to Dahuk, 34 per cent to Erbil and 43 per cent to Sulaymaniyah, the distribution and installation of which ranges from 81 per cent in Sulaymaniyah to 99 per cent in Erbil and 100 per cent in Dahuk. Many difficulties have been encountered in installing and operating the equipment received because of the lack of related expertise in the northern governorates. World Health Organization (WHO) engineers assist in the installation and operation of the equipment received. WHO is also investigating the possibility of using specialized technicians for the training of local staff. Furthermore, future contracts for the purchase of sophisticated equipment will include a training component. Under phase II, medical equipment worth $5,633,718, equipment to measure water quality worth $191,030 and supplies for nursing education with a value of a $210,828 have been ordered. Assessments for water quality control and nursing education have been undertaken. UNICEF has also distributed vaccines and immunized 17,488 children.

25. In the water and sanitation sector, $20.2 million for phase I and $20 million for phase II have been allocated for the northern governorates. Under phase I, 31 applications worth $18,481,537 have been submitted to and approved by the Security Council Committee. Under phase II, 69 applications worth $17,458,798 have been submitted and approved. To date, equipment worth $3,863,066 under phase I has arrived representing 21 per cent of the value of this allocation. Seventy-seven tons of chlorine gas, 5.5 tons of chlorine tablets and 90 tons of aluminum sulphate were received and distributed to water treatment plants in urban, semi-urban and rural areas.

26. The United Nations Development Programme (UNDP), in close cooperation with the Department of Economic and Social Affairs of the Secretariat, continues to be responsible for the implementation of the electricity sector. All 87 phase I applications have been submitted to and approved by the Security Council Committee, bringing the value to $23,269,945 out of the total allocation of $23,270,000. Under phase II, 27 applications worth $17.7 million have been submitted and approved. Preparations are under way for submission of applications under phase III whose allocation is $26 million. To date, $145,000 worth of material under phase I has arrived in warehouses in the north. The majority of items for this sector are expected to arrive by September 1998 and throughout 1999 for phase II. There continues to be concern, however, regarding the structural condition of the Derbandikhan and Dokan dams, both of which supply electric power for Erbil and Sulaymaniyah and water for irrigation in the centre and south. A complete physical survey was undertaken in early January 1998, the results of which indicated that $15 million is required for urgent safety work on the Derbandikhan dam and that $2 million is required for work on the Dokan dam.

27. As at the end of January 1998, more than 80 per cent of all agricultural supplies destined for the three northern governorates had arrived in the north. With the bulk of summer and some other inputs still being held in warehouses pending their seasonal use, the Food and Agriculture Organization of the United Nations (FAO) has distributed 35 per cent of overall supplies, with the remainder to go to farmers over the coming spring and summer months. The receipt and distribution of much-needed agricultural supplies has gained momentum in the northern governorates. Of particular significance has been the timely arrival of key inputs for the major winter planting season and their

distribution to farmers. These have included wheat seeds, herbicides, fungicides, fertilizers and spraying equipment. Stocks for the summer planting season are in store and will be distributed to farmers in the spring. In addition, vaccines and medicines for livestock and poultry have been arriving irregularly but covering requested quantities, with the result that the greater part of the livestock population has been inoculated against a range of animal diseases. As the implementing agency, FAO has been heavily engaged, in close consultation with local authorities, in the planning and execution of a range of training programmes and promotion of extension of services for farmers leading to distribution campaigns targeted at pre-selected recipients. Areas covered include plant protection, production, livestock immunization and poultry production. Preparations are in progress for the coming sunna pest campaign in respect of the wheat harvest to begin in June 1998.

28. In the education sector, $10 million has been allocated to UNICEF for each phase. Under phase I, 13 applications worth $9,348,131 were submitted and approved. Under phase II, 10 applications worth $9,153,131 were submitted and approved. Supplies worth $3,549,285, representing 38 per cent of the total value of contracts under phase I, have been delivered and 30 per cent distributed. Essential supplies were distributed to 981 schools, and student and teachers' classroom kits were distributed to 2,015 primary schools to benefit 509,191 children. A further $5 million has been allocated to the United Nations Educational, Scientific and Cultural Organization (UNESCO) for each phase of implementation, which has submitted 15 applications worth $3,466,961 to the Security Council Committee under phase I. Under phase II, six contracts worth $3,086,638 were submitted and approved. Supplies worth $3,549,385, representing over 50 per cent of the total value of contracts under this phase, have been distributed to warehouses and are in the process of being used for the construction of 62,000 school desks and for the rehabilitation of 98 schools. UNESCO will shortly begin the manufacture of an additional 25,000 school desks from material supplied by UNICEF. To date, 12,500 desks and a further 9,400 are currently under production and plans are well under way for the $2.35 million rehabilitation of some 83 schools under phase I. Work is expected to begin after the winter season. Under phase II, an additional $300,000 was allocated to WHO, which submitted 18 contracts worth $120,828 in health education, all of which were approved.

29. A total of $29 million has been allocated under the three phases for the resettlement sector. Nonetheless, with approximately half a million displaced persons in need of resettlement, demand far exceeds available resources. Under phases I and II, the construction of 3,100 homes, 70 rural roads, 133 primary schools with teachers' houses, 3 secondary schools, 27 health centres, 20 sewerage projects, 19 water projects and 20 irrigation channel projects and the provision of other basic infrastructure and community services will be undertaken. As at the end of January 1998, 6 projects in sewerage and roads had already been completed, with another 65 well under construction and due for completion over the next few months. A further 48 projects are in the process of being contracted, and 77 projects are in various stages of the tendering process. Field surveys and planning for phase III are nearing completion in close consultation with local authorities.

30. From the time of arrival of a project coordinator in November 1997 the United Nations Office of Project Services has moved quickly to conceptualize and initiate humanitarian demining activities for the three northern governorates. Operational and support staff, both international and national, have been recruited and offices established in each of the three governorates. Two operational bases for demining teams have been set up at Choman in Erbil governorate and Maidan in Sulaymaniyah governorate. Most of the equipment required for the programme, including mine detectors and support vehicles, has been ordered and has either arrived in country or is in transit. International demining specialists subcontracted by the Office of Project Services have completed the recruitment of national deminers and medical assistants, who are now in the process of undergoing intensive training. Actual demining operations are expected to begin shortly. Support for mine victims is also under way. Two prosthetic workshop facilities in Erbil and Sulaymaniyah governorates providing artificial limbs and rehabilitation services, which had closed owing to a lack of key resources, are now fully operational again thanks to the humanitarian demining programme. Renovation of and staff training for a third such facility has begun in Dahuk governorate.

31. It should be noted that large-scale military activities in the governorates of Erbil and Sulaymaniyah came to an end in late November 1997. There were no attacks on United Nations personnel or facilities during the period of this report and there have been no disruptions to the humanitarian programme. The supply of electricity from Sulaymaniyah to Erbil has also continued without interruption.

VI. OBSERVATION MECHANISM AND ACTIVITIES

32. In my reports to the Security Council pursuant to paragraph 11 of resolution 986 (1995) and paragraph 3 of resolution 1111 (1997) (S/1997/419 and S/1997/685, respectively), I described the process of observation undertaken by the three tiers of United Nations observers on the food and health sectors respectively. In my report to the Security Council pursuant to paragraph 3 of resolution 986 (1995) (S/1997/935), I explained the details of the tracking mechanism as a general feature of the observation process and described the dual character of technical assistance and spot checks in the northern governorates, where the United Nations is responsible for implementation of the programme.

33. Commodities in all sectors under phase I continue to arrive and this has expanded the coverage of the Geographical Observation Unit, which has commenced observations in the water and sanitation, electricity and agricultural sectors. The role of the Unit in the observation of the sectors and strategies for deployment teams is being reviewed by its management in consultation with the Multidisciplinary Observation Unit. United Nations agencies and programmes continue to observe the arrival of commodities in their respective sectors, tracking them from entry point to end-user. The focus of observation continues to be the food and medical sectors, which comprise 85 per cent of the total allocation in each phase.

34. In the food sector, United Nations observers have continued full coverage of distribution through visits to each warehouse, silo and mill in every

governorate. WFP observers regularly visited all warehouses, silos and mills in the country, with a total of 770 visits to warehouses, 835 visits to silos and 3,227 visits to mills. WFP has also continued to update information collection at warehouses, silos and mills. Observers also completed 58,994 spot checks of food agents in every governorate and 77,860 spot checks of beneficiaries in all governorates.

35. In the northern governorates, where WFP manages the food warehouses and the distribution process, the focus of observation remains on beneficiaries and food agents. Since the beginning of food distribution under Council resolution 986 (1995), WFP has visited almost all food agents responsible for general distribution and many agents have been visited as many as three or four times. Specific observation procedures have been adopted for supplementary feeding programmes. To assess their impact on malnourished children, pregnant women and nursing mothers, WFP and UNICEF maintain liaison with the local directorates of health. Primary health-care personnel monitor the nutritional situation of each recipient using standard indicators and provide the United Nations with regular updates. Observers check distribution lists for inaccuracies before monthly distribution to all other recipients of the supplementary feeding projects and assess the availability of other food sources in visits with beneficiaries. After distribution takes place, WFP observers ensure that beneficiaries have received the proper quantity and quality of food and investigate any complaints against food agents. Each month, an average of 15 per cent of all families receiving supplementary food supplies and 75 per cent of all food agents who distribute nutrition supplies are visited.

36. In the health sector, WHO deployed observers to follow the arrival and distribution of medical supplies and equipment selected for tracking in collaboration with the Multidisciplinary Observation Unit. Phase II commodities contain a greater percentage of hospital equipment and spare parts than were ordered under phase I. Therefore, observations of these items will include inspection of installed equipment and observation of the interrelated items/systems that must also be in place for the equipment to function, such as air conditioning, water, sanitation and power supply. All observers in the health sector report that health facilities are in very poor condition and, in some areas, the water and sanitation infrastructure servicing hospitals is on the verge of collapse. In the northern governorates observation has been carried out by WHO teams before and after the distribution of medicines to health facilities. With the start of phase III, a detailed review of the observation process is being undertaken in order to streamline observation tasks as they relate to equitability, efficiency and adequacy. Efforts are also under way to gather as much information as possible on the state of the health infrastructure. It is expected that this will enable WHO and the Multidisciplinary Observation Unit to better assess the efficiency and effectiveness of the operation as well as the criteria on which priorities would be selected for rehabilitation.

37. In the water and sanitation sector, the utilization and distribution of liquid chlorine gas is monitored and information is fed into a database system developed by UNICEF, which provides a routine profile for all commodities in this sector entering the country. It is an essential tool for observers in that it provides daily updated information on commodities selected for observation.

According to the specification of the commodity in question, the database provides information on the storage location in each governorate at the warehouse and project site level, as well as the date of delivery to the governorate warehouse, the date of dispatch to the project site and date of installation. In the water and sanitation sector, UNICEF has observed 100 per cent of the supplies being delivered to governorate warehouses and 80 per cent of the commodities distributed to project sites. UNICEF has also observed all deliveries of liquid chlorine gas at the project site level. Sectoral and geographical observers have undertaken respectively 401 and 12 visits to project sites in the centre and south, including water and sewage treatment plants, sewage pumping stations and warehouses. With regard to liquid chlorine gas, UNICEF has observed thoroughly all full cylinders entering and all empty cylinders exiting the country.

38. In the electricity sector, the observation process continues to include pre-installation visits to power plants, distribution and transmission substations and other selected facilities. UNDP has carried out 63 observations at 25 locations in the centre and south. These involve an examination of the quantity of received goods and their conformity with relevant documentation. All goods arriving into the country are authenticated and their specifications confirmed against the shipping documents by Lloyd's Register. UNDP observers confirm the Lloyd's Register stamp on the document and check commodities against the relevant distribution plan and the Security Council Committee approvals. The Geographical Observation Unit has commenced observation in this sector and has undertaken five visits.

39. In the agricultural sector, FAO and the Geographical Observation Unit have performed a total of 143 and 5 observations respectively in the centre and south of Iraq. FAO tracks all inputs from the raising of contracts to distribution to the governorate distribution points and continuously inspects all 43 central and governorate distribution points. Distribution to the governorate districts is carried out through spot checks of the 275 district distribution points. Dual-purpose items are tracked within a separate monitoring system from entry into the country to application at the end-user level. A total of eight observations have been carried out, tracking the arrival and distribution of 2,550 ground sprayers from central to district distribution points.

40. In the education sector, UNESCO observers visited selected schools in Baghdad, Basra and Mosul where a pre-implementation study was undertaken. In the northern governorates of Dahuk, Erbil and Sulaymaniyah, UNICEF conducted 150 observations, during which the distribution of supplies for every student was assessed.

41. The Multidisciplinary Observation Unit has developed a distinct methodology for tracking the large numbers of spare parts that make up a significant number of incoming commodities. As it is impossible to track the entire range and number of spare parts in all sectors, they must be selectively observed at a storage and usage level employing criteria that focus on key spare parts with the greatest value as it does on dual-use items. This methodology was applied by the multidisciplinary observers for tracking spare parts in all sectors throughout the reporting period.

42. Geographical observers have reported that end-users faced hardship caused by continuing delays as well as missing and reduced items in the ration basket. This has resulted in strong expressions of frustration by beneficiaries in interviews with observers. Beneficiaries have also complained about other basic needs such as medical supplies, electricity, water supply, clothing and textbooks for schoolchildren. Some see no improvement to their quality of life and are losing interest in responding to the observers. As I stated in my supplementary report, a review of observation and reporting is necessary and is being undertaken. Accordingly, the Geographical Observation Unit, in consultation with the Multidisciplinary Observation Unit, is now in the process of reviewing the end-user interview forms.

43. Staffing levels and observation activities were scaled down during the second half of February 1998 because of concerns for the safety and security of staff resulting from developments at that time. However, WFP national observers continued to carry out food agent and household spot checks at the governorate level. Appropriate action was taken to ensure that allocations not observed in the current period would be covered when normal activities resumed. All staff relocated during this period returned to duty by the end of February.

VII. FINDINGS ON EFFECTIVENESS, EQUITABILITY AND ADEQUACY

A. Food/nutrition

Effectiveness

44. In the 15 central and southern governorates, WFP reported that, on average, the distribution process took between three and five days for food to move between entry point and governorate warehouses. This represented an improvement over previous rates. United Nations observers reported that handling and processing losses were within the acceptable limit of 2 per cent at all levels of the distribution chain. However, delays experienced to date in the implementation of the programme have meant that all food baskets during the reporting period were incomplete. In November 1997, no pulses or detergent were provided at all and oil, tea, salt and soap were only provided at reduced levels. In December 1997, no soap was provided under the provisions of resolution 986 (1995), and only reduced levels of pulses, vegetable oil, tea and detergents were available. In January 1998, beneficiaries received reduced levels of tea and detergent, and were particularly dissatisfied with the sharp decrease in the availability of infant formula. In the north, for the months of December 1997 and January 1998, food was distributed in accordance with the prescribed time-frame for the first time.

45. The inefficiencies due to the late and uncoordinated arrival of goods have been felt all along the distribution chain. When supplies are late, missing or reduced, it causes hardship to beneficiaries who do not have the means to buy extra food in the market place to cover the period of the delay. The personal rationing system that they employ in an attempt to make the food basket last the full month breaks down if there are delays. As a result, recipients either eat less or sell household items to buy food. Often, the most vulnerable end-users such as the elderly or unemployed report that they rely on extended families and

other forms of charity to cope with the gap in food supply. Because of the lower than required arrival rate of commodities into Iraq each month, the warehouses have not been able to plan their distribution schedules efficiently. There have been continuous breakdowns in the supply pipeline in the middle of distribution and the distribution cycle usually continued into the next month. Often, delays in distribution of items meant that the ration agent and beneficiary had to make additional trips at extra cost to collect the complete food basket. The ration agent was reimbursed transport costs by the Government for one trip from the warehouse. The additional transport costs incurred by the ration agents as the result of delays were a source of constant complaint to the observers. Similarly, some flour mills regularly stopped production in the middle of the distribution cycle because of the breakdown in the arrival of wheat. The managers of the mills also continued to complain of stoppages resulting from erratic power supplies and the lack of spare parts, necessitating an increase in the number of working days and transfers between facilities to meet monthly quotas.

46. In the three northern governorates of Dahuk, Erbil and Sulaymaniyah, the timely distribution of food in the northernmost areas has been affected by the severe winter weather. WFP had hoped to preposition two months' supply of food before the onset of winter in order to avoid delays. However, given the erratic delivery of supplies of food at the time, this was not feasible.

Equitability

47. Throughout the reporting period, WFP observers confirmed that over 99.5 per cent of the population received equally whatever general ration was available during a given month. This estimate is based on a monthly sample of 640 households visited by WFP. This was verified by WFP's regular inventory checks of regional warehouses, which revealed that each governorate received the proper allocation of food. The beneficiary interviews conducted by the Geographical Observation Unit (sample 1,650) at ration agents also indicated that registered clients receive equitable rations. In the northern governorates, the supplementary feeding programme targets supplementary assistance to a targeted caseload of 262,000 especially needy people who have been selected by WFP, UNICEF and local authorities based on criteria that include standard health indicators and household food security.

48. United Nations observers received complaints concerning the distribution of infant formula. The individual ration of 2.8 kilograms remained unchanged until January 1998, when it was reduced by 33 per cent because of the shortage of infant formula available in warehouses. According to the Ministry of Trade, under distribution plan II, import requirements were estimated on the basis of a population of 190,629 infants, but because of a change in entitlement in May 1997, withdrawing the option of infants receiving an adult ration, by December 1997, the actual population requiring infant formula was 416,451. After analysis of registration records, it became apparent that there was no marked increase in the actual number of infants and the reduction in distribution in January and February 1998 was therefore due to earlier procurement decisions, following the change of distribution policy in May 1997. WFP noted that the Iraqi authorities recognized that they had underestimated actual requirements. The allocation to governorates is decided centrally by the

Ministry of Trade, but governorate warehouses do not have a detailed breakdown by age of the infants supplied. Moreover, during the reporting period, suppliers did not ship equal amounts of the two formulas. Therefore, infant formula had to be allocated according to availability, often leaving ration agents and parents to secure the appropriate type of infant formula for the children concerned, either through local exchange or sale/purchase on the local market.

49. Recently, several United Nations observer teams have reported increasing congestion in some warehouses, in particular with rice, sugar and vegetable ghee. According to the Geographical Observation Unit, this problem is caused by erratic arrivals. There are at present stock balances for some commodities amounting to more than three times the current monthly requirement. Some national reserve stocks have had to be moved to make room for stocks provided under resolution 986 (1995). Other stocks provided under the resolution have been temporarily stored in silos. All of these stocks and stock movements will be carefully monitored to avoid risk of spoilage or other losses. It was also reported that the Ministry of Health has appealed for assistance from international donors in order to provide flour to hospitals because they have run out and have no reserves. Hospitals are largely dependent on food aid from WFP and non-governmental organizations to provide meals for patients and resident doctors. The Government of Iraq has hitherto insisted on meeting these needs from outside resources provided under resolution 986 (1995), but in view of the current situation the United Nations has recommended the inclusion of these requirements under the humanitarian programme.

Adequacy

50. Early assessments of the supplementary feeding programme in the north indicate preliminary positive results. One project aimed at 30,000 pregnant women and nursing mothers provides these beneficiaries with a monthly food ration and access to vaccines, prenatal checks and education on safe delivery practices and breastfeeding. So far, 80 per cent of mothers and children are receiving proper immunizations and 52 per cent of women are breastfeeding. Another important programme provides supplementary rations to malnourished children and five members of the immediate family. Again, preliminary data show signs of improvement; WFP surveyed 163 children in primary health centres in Dahuk and Erbil and found that 68 per cent gained an average of 0.35 kilograms over two months.

51. In the northern governorates, 7,571 tons of foodstuffs have arrived for the supplementary nutrition programmes. Some commodities such as fortified bulgar wheat, which has to be produced by specialized suppliers, have been delayed. WFP has substituted this commodity with supplies of rice from its own stocks.

B. Health

Effectiveness

52. WHO reports that Kimadia and the Ministry of Trade have attempted to improve contractual procedures whereby suppliers are required to ensure the

submission of the contract application to the United Nations Secretariat within two to three weeks of their finalization, otherwise the contract will be considered null and void. After authorization by the Security Council Committee, the supplier is now obliged to ship the whole quantity within three months and ensure that the shipment is not less than 30 per cent of the total quantity. WHO expects that these attempts to expedite the approval and delivery process will lead to a significant increase in arrival rates.

53. Inadequate transport is still causing delays in the distribution of drugs and medical supplies at every level of the distribution chain; the delivery of commodities from the central warehouses in Baghdad to the warehouses in the rest of the country takes an average of five to six weeks. The situation is even more critical in the case of medicine and vaccines needing refrigerated transport in that it often involves life-saving medicine such as insulin and sera. Effective delivery has been further impaired by the uncoordinated arrival of supplies such as urine bags without catheters, injectable drugs without disposable syringes and intravenous drugs without intravenous solutions. Although record keeping is generally satisfactory, the efficiency with which medical supplies are distributed has shown no improvement.

54. Poor communications and feedback between health-care facilities and Department of Health warehouses at the governorate level are partly responsible for this, resulting either in delayed distribution or the provision of supplies that could not be used. Where there exists effective warehouse management, targeted distribution has been achieved. It should be noted that the Ministry of Health has sent assessment teams to governorates to obtain more accurate data for drawing up allocation plans. There appears to have been no improvement in the arrival or distribution of complementary supplies. As a result, surgical procedures were adversely affected during the reporting period. There have also been instances where poor communications within health facilities meant that humanitarian supplies were unused because medical staff were unaware that they were available. Some facilities had difficulties in distributing to outpatients because they lacked sufficient dispensing bottles of the appropriate type and size. WHO notes that management problems encountered in distribution can only be solved by close supervision, training and support. The United Nations observation mechanism continues to look into delays in quality assurance procedures. For example, it recently questioned why desperately needed intravenous solutions, which were delivered in November 1997, had not been released for distribution until mid-February 1998.

55. It is noted that the cumulative value of all medical items listed under distribution plans II and III is in excess of $2 billion. As the combined sectoral allocations for both plans amount to $420 million, however, some medicines, hospital supplies, spare parts and new equipment included in the distribution plans cannot be purchased. The pharmaceutical items listed in distribution plans II and III are almost identical. The Ministry of Health needs to undertake a rigorous prioritization exercise to prevent duplication of orders and promote the rational use of limited resources. It is clear that some consumables provided under resolution 986 (1995) have not been used to date because complementary equipment is out of service. According to a Ministry of Health survey of more than 55,000 pieces of medical equipment, some 50 per cent are either obsolete or unrepairable.

56. In the three northern governorates of Dahuk, Erbil and Sulaymaniyah, WHO considers that the delivery of commodities from the central warehouse in Baghdad continues to be carried out in a timely manner. WHO is working closely with the local health authorities in order to improve the management and use of medicines. On-the-spot information and advice is given by WHO teams and a more comprehensive group training programme is being formulated and is expected to begin soon.

Equitability

57. WHO has begun a study of Kimadia's allocation plans in order to assess how equitability in the distribution of supplies is being assured. It also assisted Kimadia in computerizing distribution planning, thereby facilitating the equitable allocation of resources against needs at all levels of health facilities. The Ministry of Health has announced a new formula for distributing supplies to the private sector, effective 1 January 1998. Private pharmacies will receive the same supplies regardless of the population density; public clinics will receive five times as much as private pharmacies; and health insurance clinics four times as much. Specialized drugs will not be delivered to clinics unless they are staffed by appropriately qualified physicians. The impact of this action will have to be determined. WHO reports that the value of medicines distributed in January 1998 to 2,269 pharmacies was $5,053,040. After cessation of supplies to the private sector in November and December 1997, United Nations observers reported that supplies resumed in January 1998. However, as at 11 February 1998, the warehouse supplying the private sector had not received supplies provided under resolution 986 (1995) from Kimadia for distribution that month. As a result, subsequent distribution to secondary- and tertiary-level facilities will be delayed.

Adequacy

58. Despite the fact that a large variety of supplies have been delivered, quantities received to date remain inadequate whether measured against the intentions of the distribution plan, against essential health needs or the total needs of the sector. In most cases, quantities delivered so far cover only 20 per cent of requirements. Assessment of the overall situation is rendered particularly difficult by the lack of prioritization and the relatively small quantities of humanitarian supplies that have arrived so far. There has been a noticeable increase in the distribution of drugs that are not considered essential. Although health-care professionals claim that a few items such as particular laboratory supplies constitute five years' supply, the adequacy of other commodities is hard to assess because they have not been available for prescription or use for several years. Also, health-care providers report increased mortality among the paediatric population owing to a lack of intravenous fluids and basic medicines. Patients suffering from chronic diseases continue to receive at most one month's treatment and cancer patients routinely have their treatment deferred because of uncoordinated arrivals and insufficient quantities. Health-care providers are forced to reuse intravenous disposable equipment, which carries the high risk of transmitting communicable diseases. Most hospitals carry out only emergency operations, leaving untreated acute cases to develop into chronic conditions. Furthermore, lack of antibiotics has allowed children to develop handicaps, while the rationing of

the small quantities available increases the length of the illness and negates the effect of the treatment. Though the number of hospital admissions began to rise significantly in December 1997, the number of surgical operations has decreased dramatically during the last quarter. Furthermore, only 39 ambulances have arrived, 9 of which have been allocated for the northern governorates of Dahuk, Erbil and Sulaymaniyah. The critical lack of functioning ambulances in all 18 governorates has caused preventable deaths in emergency cases, especially in rural areas.

59. An analysis of drugs delivered and distributed to the northern governorates indicates that 10 pharmacological categories have been covered and that this covers the most basic needs of the population. Both curative and preventive functions of the health services have tangibly improved, as seen in the increased number of outpatients, surgical procedures and laboratory investigations. Nevertheless, certain hospitals reported severe constraints in normal functioning during the winter months, lacking heaters, fuel for heaters, blankets and other supplies needed for the cold weather.

C. Water and sanitation

Effectiveness

60. Only 25 per cent of the total allocated budget under phases I and II has arrived in the centre and south of Iraq; remaining supplies under both phases are not expected to arrive before June 1998. Observers have confirmed the efficient distribution of supplies, but delays have occurred in the installation of equipment owing to the lack of funds and qualified technicians. Fifty-six per cent of the liquid chlorine gas ordered under phase I has arrived and has been efficiently distributed in the 15 governorates of the centre and south. The chlorine gas is utilized effectively but not optimally on account of the serious damages to the water pipe network, which does not prevent the re-contamination of water after its disinfection. In the northern governorates, 21 per cent of supplies ordered under phase I had arrived, including chlorine gas and alum sulphate. However, the rate of implementation is expected to increase upon arrival of the major components for the supply of water to urban areas, which have long lead times because of their unique specifications. UNICEF has designed a total of 132 out of 307 rural water projects; construction using local non-governmental organizations and contractors has just begun. Bids have been issued for the construction of 70 pump houses, which is expected to begin in early March 1998.

Equitability

61. Commodities that arrived in the centre and south were distributed in accordance with the distribution plan. Following the findings of the UNICEF multiple indicator cluster survey of August 1996, priority in distribution has been given to the south of Iraq, where the water and sanitation situation is significantly worse than in the rest of the country.

Adequacy

62. The deterioration of this sector has continued. According to Ministry of Health data, the incidence of reported typhoid fever cases has decreased from 15,238 in 1996 to 14,459 in 1997. The delivery of good-quality alum sulphate is currently enhancing the purification process and protecting the alum dosing pumps from further deterioration caused by the use of low-quality alum sulphate in the past. It has been difficult to assess the improvement in water quality because of the deteriorating status of the water network, which has included many breaks, leaks and power cuts, leaving the network with no pressure. Based on previous levels of expenditure within the water and sanitation sector ($100 million per year for preventive maintenance) and on lists of supplies required for projects sites as compiled by UNICEF and the non-governmental organization CARE, it is estimated that $600 million is needed to restore the existing water and sanitation sector to an acceptable operational level. Thus, it is expected that only 4 per cent of the overall immediate requirements will be covered by distribution plan III. In the northern governorates it is estimated that an additional $54 million for phase III is required in order to improve the sanitary and hygienic conditions for urban, semi-urban and rural/farming communities. It is expected that distribution plan III will provide only 37 per cent of the immediate needs in this sector.

63. The needs of Iraq's water supply and sewage collection networks are different. With regard to water, deteriorating infrastructure has resulted in leakages, lack of pressure and contamination; as regards sewage, lack of maintenance has resulted in blockages and consequent degradation. The responses will also differ; while the water supply network is in urgent need of rehabilitation, it still functions; by contrast, in sanitation, attention needs to be concentrated on the 10 sewage treatment plants, as most of the time these plants do not work, or work very badly. According to UNICEF, the Government of Iraq has directed the majority of resources allocated to this sector under resolution 986 (1995) to water supply systems that are of higher priority. Although it is expected that only a small fraction of the overall immediate requirements will be covered by distribution plan III, proposals for a significant increase in the operational effectiveness of the water supply network have been put forward in my supplementary report.

64. The cumulative financial value of commodities not yet delivered under phases I and II in the centre and south is $34,550,368, representing 75 per cent of the value of the approved applications for this sector. In the northern governorates, commodities yet to arrive are worth $30,144,952, representing 88 per cent of the value of contracts approved under phases I and II. The defining of specifications and the sourcing of unique items impose delays in this sector. Many of the commodities are not available as standard items and therefore require longer manufacturing times, rendering certain delays inevitable.

D. Electricity

Effectiveness

65. Distribution plans I to III have addressed to a limited extent the immediate needs of the sector in respect of increasing power generation and associated transmission lines. Although the state of the distribution network, with many more consumers connected to it without proper expansion planning, may be considered to merit the most urgent assistance, the need to increase generating capacity outweighs it because the network is able to distribute the generated power.

66. Items are sent immediately to their destination after they have been checked at the central warehouse. Supplies for the repair of distribution lines and other general purpose materials, such as power cables and transformers, are distributed according to allocation plans drawn up by the Iraqi General Establishment for Electricity Distribution. According to UNDP, the allocations appear to reflect the most urgent priority needs for the electricity sector. However, a technical assessment of the utilization of inputs provided under resolution 986 (1995) in order to evaluate priorities and strategies has not been possible owing to the lack of sufficient information from the Iraqi authorities. As regards supplies that have arrived to date, efficiency has been hampered by the uncoordinated arrival of supplies, which is resulting in the disruption of planned maintenance schedules for power plants. Occasionally, items such as cables for distribution networks are delivered but are unable to be used because complementary items such as cable joints have not been approved.

67. In the northern governorates of Erbil and Sulaymaniyah, generating capacity is dependent upon two hydropower plants where generated power is limited by the availability of water and by irrigation requirements as well as the conditions of both the dams and generating units, as noted earlier in this report. In the Dahuk governorate, distribution is dependent upon power generation in the centre and south.

Equitability

68. In the 15 central and southern governorates, items for the distribution network were distributed to the four electricity distribution areas as follows: Baghdad 30 per cent; middle 30 per cent; north 20 per cent; and south 20 per cent. Although the three northern governorates encounter common difficulties, there are specific problems peculiar to each: Dahuk suffers from the complete destruction of a large number of its grid substations; Erbil has no generation capacity and 65 per cent of its major transmission circuits are no longer operating; Sulaymaniyah is attempting to supply a large geographical area with an inefficient distribution network from two plants whose generating units need replacement. Equitability in the allocation of resources provided under resolution 986 (1995) has been determined on the basis of population. Accordingly, Sulaymaniyah receives 44 per cent of the total allocation, Erbil receives 33 per cent, after redirecting 1 per cent to Sulaymaniyah for generating expenses, and Dahuk receives 23 per cent.

Adequacy

69. Distribution plans I to III allocated $176 million to procure equipment and spare parts for the essential humanitarian repair and maintenance of 23 power plants, including the two hydropower plants in Sulaymaniyah, and their associated transmission and distribution systems. Out of a total of $74.1 million, for the 15 governorates, supplies worth $62.2 million have been approved but have not yet arrived under phases I and II. Commodities from 33 contracts worth a total value of $11.3 million have arrived. Following the installation and utilization of inputs authorized under phases I and II, a small increase can be expected in the output of power stations that have received supplies. However, the technical assessment by the Government of Iraq, confirmed by United Nations observers, suggests that the localized increase will be offset by the overall rate of deterioration in other power stations and parts of the distribution network. Consequently, it is expected that output and distribution in 1998 will continue to deteriorate, albeit at a slower rate, despite inputs provided under resolution 986 (1995).

70. Out of the total $38.4 million allocated to the three northern governorates in distribution plans I and II, commodities worth $37.5 million have been approved under phases I and II. Under phase I, 3.3 per cent of requested commodities have been received at the assigned warehouses, and allocation plans for distribution are being drawn up. The remainder is due for delivery in mid-1998. Although the long delivery times for these supplies have been criticized by the Government of Iraq and local authorities, these times are not considered unreasonable because of the complexity of the items and sourcing difficulties experienced for items that do not meet modern safety and technical standards and have been out of production for many years. In the course of implementation planning it has become clear that a revised strategy should be adopted involving a holistic rather than a piecemeal approach. This new approach is based on prior technical evaluation of network and plant requirements and is evident in the formulation of the equipment lists for distribution plans II and III. Emergency solutions applied in recent years have resulted in voltage regulation problems and have led to a considerable amount of damage to plants and networks as a result of inadequate protection systems and devices. One result is that distribution transformers are failing in all three governorates at a rate that could require up to $1 million worth of equipment each week to halt the deterioration in power supply. The new strategy will adequately take into account the technical capacities of the local electricity authorities and prevent newly installed equipment from being placed at unacceptable risk. As stated in my supplementary report, an urgent technical assessment is under way by UNDP and the Department of Economic and Social Affairs in order to assist the relevant authorities in drawing up a realistic and achievable implementation strategy. With regard to the Derbandikhan and Dokan dams, the United Nations is taking all possible safety measures to prevent potential structural failure. The safety inspections have been completed by experts and their report has been considered by the authorities in Iraq. The specific recommendations made in the report to minimize the risk of failure at Derbandikhan need to be implemented immediately pending completion of essential remedial work. It should be noted that the generating plants at both dams are in very poor condition. Essential spare parts have been sourced and bids received. These are being procured. Both plants will be subjected, in the

immediate future, to a detailed technical evaluation by the original suppliers to identify the most efficient and effective way to restore their capacity to an acceptable level of availability and reliability.

E. Agriculture

Effectiveness

71. No supplies from phase II contracts have yet been delivered. Cumulative deliveries amount to $11.6 million, representing 24 per cent of the allocation of phases I and II. Rate of delivery has increased by 53 per cent compared with the previous reporting period. Delivered quantities include 100 tractors, 850 large-scale farm ground sprayers, 1,700 small-scale ground sprayers and 1,315 small-scale farm irrigation pumps for a total value of $4.9 million. The delivered value of spare parts amounts to $1.1 million and includes spares for small-scale farm irrigation pumps, large-scale farm tractors and combine harvesters. A total of 666.5 tons of agrochemicals with a value of $4.8 million and $1.9 million worth of animal health supplies have been delivered.

72. Distribution difficulties in the 15 governorates were caused by insufficient transport and loading equipment and the absence of a functioning cold chain. Out-of-season deliveries represent 51 per cent of the total delivered value and will be stored until the following summer season. A number of large-scale farm inputs such as tractors and 1,000- and 400-litre ground sprayers are released to end-users from the central and governorate distribution points, whereas the majority of spare parts, small-scale farm and animal health inputs are released from the district distribution points. The value of inputs that have reached their release to end-user storage point totals $5.7 million, amounting to 80 per cent of in-season deliveries. Half of the delivered animal health supplies are available to end-users in the district dispensaries, with the remaining quantity to be distributed by the end of February. The release of inputs to end-users has begun and is currently at a value of $210,000. Rate of release is expected to increase considerably in the coming month as the majority of in-season inputs are at present at their release to end-user storage points. In the three northern governorates, the receipt and distribution of agricultural supplies have gained momentum. Not only did key inputs for the major winter planting season arrive in time, sufficient vaccines were available to inoculate cattle, sheep and goats against a range of diseases.

Equitability

73. At present, out of a total 6.75 million hectares of arable land in the 15 central and southern governorates, some 3 million hectares are under production. End-users have been considered as either small-scale (less than 1.5 hectares), medium-scale (5 to 25 hectares) or large-scale (up to 250 hectares) farmers. Of the estimated total of 300,000 farmers, over 70 per cent are small-scale farmers. A number of items for 30 per cent of the total allocation are common to both small- and medium-/large-scale farmers, with 33 per cent of the remaining value allocated for the former and 66 per cent for the latter. The Ministry of Agriculture has based its input allocation plans on a number of criteria. The objective of the agricultural sector is to maximize production

with a view to increasing availability on the domestic market and to offer sustenance to rural small-scale farmers. Distribution is based on the type of crops, extension of sown land and livestock population in each area upon which quotas of delivered inputs are allocated to each governorate. First-purchase option is based on productivity coefficients for large-scale farmers, while release of inputs to small-scale farmers is on a first come, first serve basis. Many of the smaller producers do not have the holdings or knowledge to be able to obtain increased yield from subsidized inputs. Among those farmers who are able to utilize inputs effectively, yields vary considerably between 600 to 2,000 kilograms per hectare, according to experience and technology. A number of items have been delivered to end-users for use in the current winter season, including 100 400-litre ground sprayers and animal health supplies. Present distribution and release of inputs has followed the allocation plans.

Adequacy

74. Without increasing domestic agricultural production to a level where it can offer the required nutritional levels, only some 10 per cent of the needs will be met. Of the 60,000 tractors and combine harvesters, an estimated 20 per cent need to be replaced at a cost of $250 million. The allocation of $11 million under phases I and II responds to only 3 per cent of these total needs. Total estimated requirement for the overhaul of spare parts for tractors and combine harvesters stands at $35 million. The phases I and II allocation of $5.5 million covers 20 per cent of these needs. For the protection of crops it is estimated that phase I and II agrochemicals will enable the treatment of between 250,000 and 500,000 hectares of arable land depending upon several variables such as weather, the area planted, the extent of infestation and application method. This will offer protection to 18 per cent of the estimated 2,760,000 hectares sown to the main cereal and vegetables crops per year. An amount of $15 million is needed every season for overhauling spare parts for aerial spraying to operate at the agricultural fleet's full capacity of 30 helicopters. The allocation of $3.5 million under phase I will allow for the overhauling of six aerial spraying helicopters only. Furthermore, phase I and II allocations have addressed 10 per cent of ground spraying and irrigation requirements with regard to equipment.

75. It is important to appreciate the extent of the collapse of the veterinary subsector. Animal breeding is not under effective veterinary control. The artificial insemination programme was stopped as a result of insufficient frozen storage in veterinary clinics and, in part, by the privatization of breeding centres. Private-sector veterinary clinics, however numerous, are unable to undertake the role of the Iraqi Veterinary Board. For example, the incidence of lamb, sheep and goat enterotoxaemia is currently at an all-time high. The purchase of relevant vaccines will permit the Veterinary Board to address the magnitude of the problem. Although it is estimated that $80 million is required to meet the subsector's needs for 1998, in general, the United Nations has little or no information on the scale of resources provided by the Government of Iraq; therefore the phases I and II allocations of $6 million will at least meet 7 per cent of total requirements. In my supplementary report to the Security Council (S/1998/90), I identified specific areas that require attention and proposed a series of targeted projects with set objectives. Implementation of those projects will address unmet needs, enhancing domestic production, such

that quantifiable integration of the food basket with agricultural produce will be possible.

76. A total of $36.4 million out of the allocated $48 million under phases I and II has yet to be delivered, including $24.2 million worth of mechanization inputs, $8 million of agrochemicals and $4.2 million of animal health supplies. A greater number of small-scale and large-scale farmers will benefit by the additional 75 per cent increase in availability of inputs when these are distributed. Distribution of inputs will follow the same criteria as those applied to the inputs currently in country. The increase in deliveries will not require additional observers, as the distribution point locations will remain the same. The first impact assessment will be possible when crops are harvested, that is, from April to June 1998.

F. Education

Effectiveness

77. Under phases I and II, supplies worth $16,220,915, amounting to 88 per cent of the total value of contracts for both phases, are yet to be delivered in the centre and south. Consequently, it has been difficult to assess the effectiveness of the programme so far. In addition, the uncoordinated arrival of supplies is preventing the Ministry of Education from commencing the production of 30,704 school desks because the raw materials have arrived but their complementary items have not. However, UNICEF and UNESCO observers confirmed that warehouse ledgers in all 15 governorates of the centre and south were in place. They also confirmed that the distribution of commodities for the rehabilitation of schools was ongoing but with some delays owing to the lack of adequate transport faced by the Ministry of Education. In the northern governorates, initial surveys show that since the beginning of the humanitarian programme, there has been a 17 per cent increase in enrolment rates in schools. However, the distribution of supplies was delayed during the reporting period by hostilities and harsh winter conditions, both of which have made access to some locations impossible.

Equitability

78. Priority in the distribution of materials for the rehabilitation of schools will be given to schools requiring urgent rehabilitation and assistance in the centre and south of the country. A comparative study of the condition of schools before and after their rehabilitation will take place after distribution has been completed. In the northern governorates of Dahuk, Erbil and Sulaymaniyah, UNICEF is concentrating on the primary school sector and has now received some 38 per cent of the items ordered under phase I; international observers have reported that distribution is equitable.

Adequacy

79. The Ministry of Education has estimated that the $24 million allocated under phases I and II in the centre and south will meet only 14 per cent of the most urgent requirements in this sector. Indeed, it is estimated that a total

of about $170 million is needed for immediate infrastructural rehabilitation of 7,550 schools at the pre-school, primary and secondary levels, for essential supplies for 4 million pupils and for the provision of classroom items. Under phases I and II, the little material ordered so far will benefit only 2,250 schools. Furthermore, 1.5 million desks are needed, but only 50,954 will be provided under phase I, of which only 6,750 have arrived. With an allocation of $12 million, distribution plan III is providing only 7 per cent of the immediate needs identified. In the northern governorates of Erbil and Sulaymaniyah, UNICEF and UNESCO estimate that approximately $25.7 million are needed for teacher training, the provision of training materials, provision of educational supplies and materials for printing presses. With $2.7 million allocated for the rehabilitation and construction of 117 primary schools under phases I and II, it is estimated that only 8 per cent of the needs in this area will be addressed by UNESCO. With regard to school furniture, UNESCO will address the needs of approximately 43 per cent of the total primary and intermediate school population through the production of a total of over 100,000 school desks.

80. Under phases I and II, supplies worth $16.2 million, amounting to 88 per cent of the total value of contracts for both phases, are yet to be delivered in the centre and south. In the three northern governorates, supplies worth $15 million, representing 80 per cent of the total value of contracts for both phases, have yet to be delivered. A large part of the commodities expected under the first and second phases are for the refurbishment of the printing facilities in Erbil and Sulaymaniyah as well as the provision of a printing press and operating inputs in both locations. The value of these projects totals $7.5 million, or 40.1 per cent of the allocation in phases I and II. The need to conduct surveys and the specification of detailed requirements for the refurbishment and provision of the presses has delayed the placing of orders and the commitment of funds.

VIII. OBSERVATIONS

81. Pursuant to paragraph 7 of resolution 1143 (1997), I submitted my supplementary report to the Council (S/1998/90) on 1 February 1998, with recommendations regarding improvements in the implementation of the humanitarian programme as well as additional resources needed to meet the priority humanitarian requirements of the Iraqi people. I welcome the adoption by the Security Council of its resolution 1153 (1998) on 20 February 1998, in support of the recommendations contained in my report, including the increased funding of the programme, not to exceed $5.256 billion during a period of 180 days.

82. It may be recalled that the Government of Iraq has indicated that its operational capacity may limit the export of petroleum during a period of 180 days to a maximum value of $4 billion. The Government has expressed its readiness to receive a group of experts, pursuant to paragraph 12 of resolution 1153 (1998), to assist the Government of Iraq in determining its precise capacity to export petroleum and petroleum products. Arrangements are being made for the group to arrive in Iraq on or about 10 March 1998, and I shall report to the Council on its findings as soon as they are finalized.

83. I also welcome the decisions taken by the Security Council Committee established by resolution 661 (1990) to refine and clarify its working procedures, as reflected in its report to the Council of 30 January 1998 (S/1998/92). Through the decisions taken by the Council and the Security Council Committee, coupled with the actions I have already taken within the Secretariat (see S/1998/90, paras. 52 and 53), I remain confident that the process of approval of applications and delivery of humanitarian supplies to the people of Iraq will be handled more expeditiously.

84. On 23 February in Baghdad, I held detailed discussions on the programme as a whole, as well as the implementation of resolution 1153 (1998), with the Vice-President of the Republic of Iraq, Mr. Taha Yasin Ramadan. Present also were the Minister for Foreign Affairs, Mr. Mohammed Said Al-Sahaf, Lt. Gen. Amer Rashid, Minister for Oil, and the Permanent Representative of Iraq to the United Nations, Mr. Nizar Hamdoon. The meeting was frank, positive and constructive. In a letter addressed to me on 25 February 1998, the Minister for Foreign Affairs reiterated his Government's "commitment to cooperate effectively and in good faith" with the Secretary-General and his aides, with a view to the "expeditious implementation" of the humanitarian programme.

85. On 2 March 1998, I invited the Minister for Foreign Affairs to come to New York as soon as possible in order to start discussions on the programme in general and the implementation of Security Council resolution 1153 (1998) in particular. I welcome the Minister's prompt and positive response. The discussions are scheduled to start on Monday, 9 March.

86. It is my hope that Council resolution 1153 (1998) will strengthen cooperation between the Government of Iraq and the United Nations for the benefit of the Iraqi population as a whole.

Annex I

Food commodity arrivals, distribution and stock balances as at 15 February 1998 and ration scales implemented

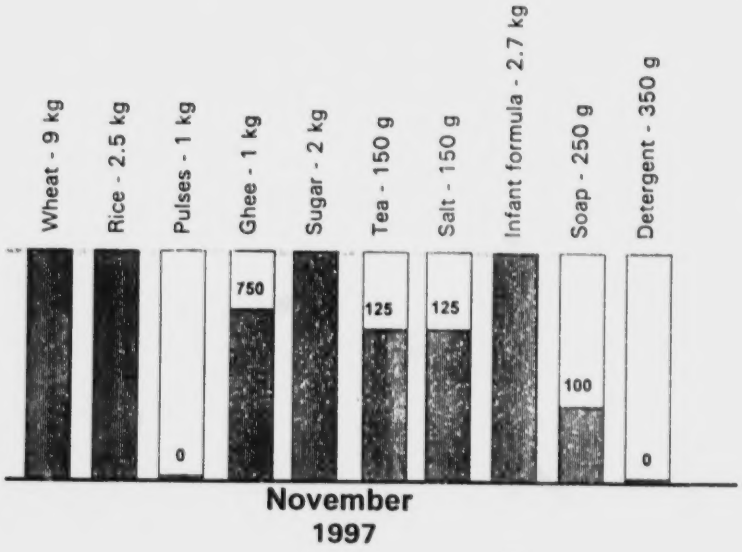
(Kilograms)

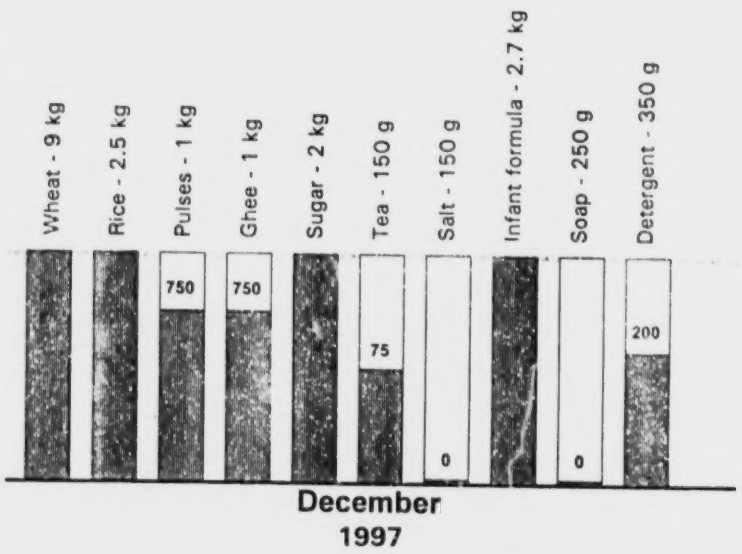
Commodity	Cumulative arrivals in Iraq	Quantity distributed in Governorates as at 14 February 1998	Stock balance available	Ration scale	
				Government of Iraq	Resolution 986 (1995)
Wheat	2 646 769	2 423 122	223 647	7.00	9.00
Rice	606 457	497 967	108 490	1.25	2.50
Vegetable ghee	243 896	192 655	51 242		1.00
Pulses	198 396	171 350	27 046	0.75	1.00
Salt	23 939	21 971	1 968	0.50	0.15
Infant formula	9 546	9 144	402	0.10	2.70
Sugar	457 939	362 107	95 832	1.80	2.00
Tea	23 505	22 298	1 207		0.15
Toilet soap	52 731	41 238	11 493	0.15	0.25
Detergent	62 697	57 927	4 770	0.25	0.35
Total	4 325 875	3 799 778	526 097		

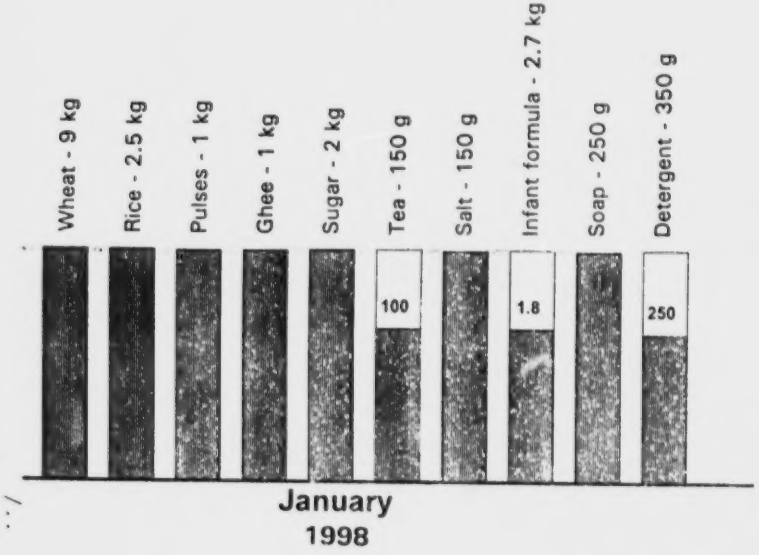
See annex II for ration scales implemented during the reporting period.

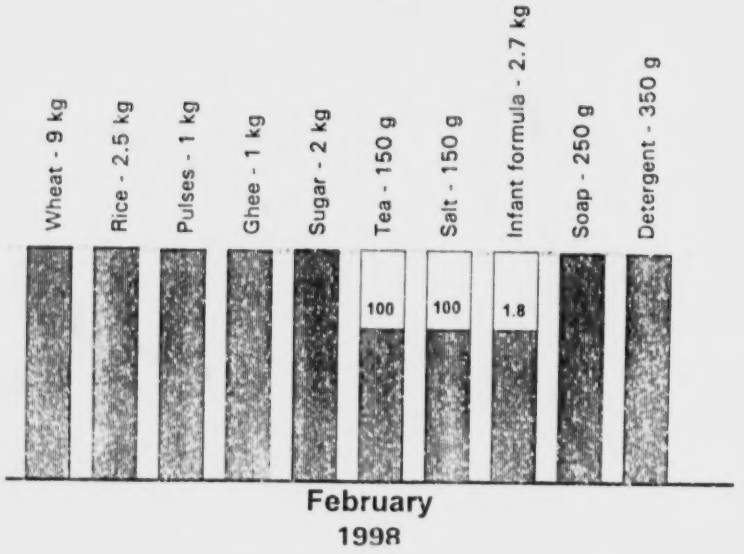
Annex II

Food basket distributed monthly from November 1997 to February 1998





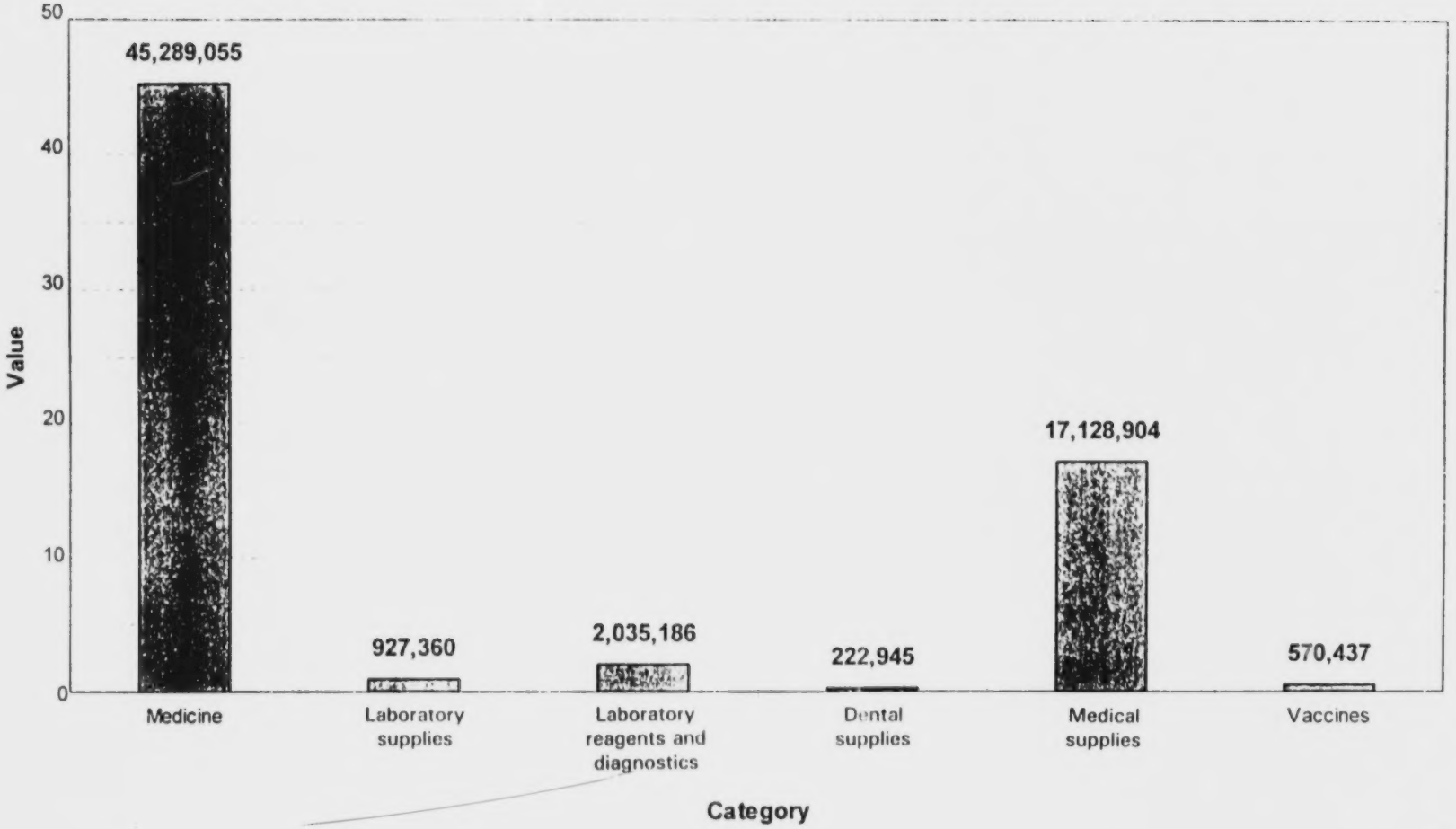




Annex III

Medical commodities received as at 15 February 1998

(Millions of United States dollars)



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Annex IV

Observation coverage in all sectors for the period
16 November 1997-15 February 1998

Agency	Sectoral observations						
	Food	Medicine	Agriculture	Electricity	Water and sanitation	Education	Total
Geographical Observation Unit	3 445	268	5	5	12	-	3 735
UNICEF	-	-	-	-	401	150**	551
WHO	-	1 027	-	-	-	-	1 027
WFP*	58 994	-	-	-	-	-	58 994
FAO	-	-	143	-	-	-	143
UNESCO	-	-	-	-	-	7	7
UNDP/Department of Economic and Social Affairs	-	-	-	63	-	-	63
Total	62 439	1 295	148	68	413	157	64 520

* Includes 57,465 observations by national assistants.

** In the northern governorates.

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Annex V

Observation coverage by international observers for the period
16 November 1997-15 February 1998

Governorate	Food sector observation		Medical sector observation		Total observations for all sectors		
	Geographical Observation Unit	WFP	Geographical Observation Unit	WHO	Geographical	Sectoral	Both
Ninewa	170	97	14	45	184	142	326
Tameem	321	79	17	43	338	122	460
Baghdad	544	350	39	95	583	445	1 028
Salah Al-Din	251	70	15	34	266	104	370
Diyala	161	97	27	94	188	191	379
Anbar	153	68	10	38	163	106	269
Babylon	271	165	17	48	288	213	501
Karbala	187	77	10	4	197	81	278
Najaf	190	89	18	43	208	132	340
Qadissiya	155	54	13	27	168	81	249
Muthanna	115	48	9	16	124	64	188
Basrah	227	103	13	35	240	138	378
Missan	153	40	9	21	162	61	223
Thi-Qar	145	62	9	13	154	75	229
Wassit	156	83	23	29	179	112	291
Subtotal, south/central	3 199	1 482	243	585	3 442	2 067	5 509
Dahuk	57	8	6	131	63	139	202
Erbil	91	39	8	208	99	247	346
Sulaymaniyah	98	0	11	103	109	103	212
Subtotal, north	246	47	25	442	271	489	760
Grand total for Iraq	3 445	1 529	268	1 027	3 713	2 556	6 269

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Annex VI

Report on observation coverage for food commodities for the period
16 November 1997-15 February 1998

GOVERNORATE	SILOS			MILLS			WAREHOUSES			FOOD AGENTS			POPULATION			NO. OF OBSERVATIONS		
	No. Existing	No. of Obser.		No. Existing	No. of Obser.		No. Existing	No. of Obser.		No. Existing	No. of Obser.		No. Existing	No. of Obser.		TOTAL		
		GOU	WFP		GOU	WFP		GOU	WFP		GOU	WFP		GOU	WFP	GOU	WFP	BOTH
Ninewa	2	3	22	4	22	41	1	3	11	5,779	91	6	2,035,683	51	17	170	97	267
Tameem	1	1	13	5	5	51	1	3	13	1,567	62	0	752,016	250	2	321	79	400
Baghdad	3	6	39	30	52	241	4	11	52	14,598	172	0	5,485,587	303	18	544	350	894
Salah Al-Din	1	2	13	4	7	42	1	2	13	1,676	79	0	791,903	161	2	251	70	321
Diyala	1	2	13	8	16	69	1	3	13	2,334	76	0	1,071,444	64	2	161	97	258
Anbar	1	2	13	4	8	40	1	3	13	2,037	53	0	1,049,918	87	2	153	68	221
Babylon	1	2	13	16	22	127	1	3	13	2,579	74	4	1,175,026	170	8	271	165	436
Karbala	1	2	13	4	8	49	1	2	13	1,317	73	0	615,934	102	2	187	77	264
Najaf	1	2	13	4	8	49	1	2	13	1,246	68	4	760,797	110	10	190	89	279
Qadissiya	1	2	13	2	4	26	1	3	13	1,214	39	1	746224	107	1	155	54	209
Muthanna	1	1	11	2	5	22	1	3	11	791	36	0	445,920	70	4	115	48	163
Basrah	1	2	10	9	18	78	1	4	10	5,568	60	1	1,610,629	143	4	227	103	330
Missan	1	2	10	2	4	20	1	3	10	1,228	61	0	653,172	83	0	153	40	193
Thi-Qar	2	4	20	4	8	32	1	5	10	2,096	28	0	1,231,332	100	0	145	62	207
Wassit	2	4	26	3	6	37	1	4	13	1,834	77	3	774,628	65	4	156	83	239
Sub-total for South/Central	***20***	***37***	***242***	***101***	***193***	***924***	***18***	***54***	***221***	***45,864***	***1,049***	***19***	***19,200,213***	***1,866***	***76***	***3,199***	***1,482***	***4,681***
Dohuk	-	-	-	-	-	-	2	0	-	NA	20	4	642,340	37	4	57	8	65
Erbil	-	-	-	-	-	-	2	0	-	NA	20	17	997,896	71	22	91	39	130
Suleimaniya	-	-	-	-	-	-	2	0	-	NA	25	0	1,291,919	73	0	98	0	98
Sub-total for North	-	-	-	-	-	-	***6***	***0***	-	***NA***	***65***	***21***	***2,932,155***	***181***	***26***	***246***	***47***	***293***
Grand Total	**20**	**37**	**242**	**101**	**193**	**924**	**24**	**54**	**221**	**45,864**	**1,114**	**40**	**22,132,368**	**2,047**	**102**	**3,445**	**1,529**	**4,974**

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Annex VII

Report on observation coverage for medical commodities for the period
16 November 1997-15 February 1998

GOVERNORATE	WAREHOUSES			HOSPITALS			HEALTH CENTRES			SPECIAL CENTRES			PRIVATE PHARM/CLINICS			NO. OF OBSERVATIONS		
	No. Existing	No. of Obser		No. Existing	No. of Obser		No. Existing	No. of Obser		No. Existing	No. of Obser		No. Existing	No. of Obser		TOTAL		
		GOU	WHO		GOU	WHO		GOU	WHO		GOU	WHO		GOU	WHO	GOU	WHO	BOTH
Ninewa	2	8	2	13	3	4	112	0	36	3	0	0	238	3	3	14	45	59
Tameem	1	2	5	4	13	4	56	0	25	3	0	0	111	2	9	17	43	60
Baghdad	3	11	25	16	28	38	110	0	24	16	0	3	1,458	0	5	39	95	134
Salah Al-Din	1	6	2	6	8	5	70	0	21	2	0	1	97	1	5	15	34	49
Diyala	1	7	7	8	14	10	57	1	53	2	0	1	103	5	23	27	94	121
Anbar	1	3	11	10	7	8	112	0	19	1	0	0	111	0	0	10	38	48
Babylon	1	6	2	8	10	3	63	0	35	6	0	1	148	1	7	17	48	65
Karbala	1	2	2	5	7	2	23	0	0	4	1	0	74	0	0	10	4	14
Najaf	1	5	3	5	10	5	37	0	25	2	1	0	96	2	10	18	43	61
Qadissiya	1	5	3	6	7	5	45	0	16	1	0	0	62	1	3	13	27	40
Muthanna	1	4	2	4	3	6	24	0	7	0	0	1	44	2	0	9	16	25
Basrah	1	6	2	10	7	2	67	0	21	3	0	5	142	0	5	13	35	48
Missan	1	4	1	7	5	3	27	0	5	0	0	0	50	0	12	9	21	30
Thi-Qar	2	4	1	6	5	2	63	0	10	0	0	0	72	0	0	9	13	22
Wassit	2	5	2	5	15	5	32	0	15	2	1	5	67	2	2	23	29	52
Sub-total for South/Central	***20***	***78***	***70***	***113***	***142***	***102***	***898***	***1***	***312***	***45***	***3***	***17***	***2,873***	***19***	***84***	***243***	***585***	***828***
Dohuk	1	1	5	6	4	16	73	1	110	NA	0	0	NA	0	0	6	131	137
Erbil	1	1	5	12	5	45	109	1	155	NA	0	3	NA	1	0	8	208	216
Suleimaniya	1	3	5	11	8	14	225	0	83	NA	0	1	NA	0	0	11	103	114
Sub-total for North	***3***	***5***	***15***	***29***	***17***	***75***	***407***	***2***	***348***	***NA***	***0***	***4***	***NA***	***1***	***0***	***25***	***442***	***467***
Grand Total	**23**	**83**	**85**	**142**	**159**	**177**	**1,305**	**3**	**660**	**45**	**3**	**21**	**2,873**	**20**	**84**	**268**	**1,027**	**1,295**

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Annex VIII

Processing of applications - phase I - as at 15 February 1998

(Millions of United States dollars)

Sector	Allocation	Applications received		Applications circulated		Applications approved		Applications on hold		Applications pending/ processing		Applications blocked
		No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.
53 per cent												
Food[a]	902.45	186	934.18	186	934.18	161	925.06	1	9.13	-	-	12
Medicine[a]	210.00	547	222.68	544	220.07	488	220.07	-	-	3	2.60	14
Water and sanitation	24.00	29	22.89	29	22.89	29	22.89	-	-	-	-	-
Electricity	36.00	107	37.40	105	36.71	88	35.59	2	1.12	2	0.69	12
Agriculture	24.00	62	23.15	61	22.76	54	22.36	2	0.40	1	0.39	4
Education	12.00	12	10.95	12	10.95	8	10.95	-	-	-	-	2
Total	1 208.45	943	1 251.25	937	1 247.56	828	1 236.92	5	10.65	6	3.68	44
13 per cent[b]												
Food[c]	3.56	8	3.56	8	3.56	8	3.56	-	-	-	-	0
Medicine[c]	-	-	-	-	-	-	-	-	-	-	-	0
Health	10.10	132	9.78	132	9.78	132	9.78	-	-	-	-	0
Water and sanitation	20.20	31	20.13	31	20.13	31	20.13	-	-	-	-	0
Electricity	23.27	87	23.27	87	23.27	87	23.27	-	-	-	-	0
Agriculture	20.15	7	20.15	7	20.15	7	20.15	-	-	-	-	0
Education	15.15	28	14.95	28	14.95	28	14.95	-	-	-	-	0
Nutrition	5.00	10	4.95	10	4.95	10	4.95	-	-	-	-	0
Resettlement	12.00	1	12.00	1	12.00	1	12.00	-	-	-	-	0
Demining	2.50	8	2.50	8	2.50	8	2.50	-	-	-	-	0
Epidemiological survey	0.30	1	0.30	1	0.30	1	0.30	-	-	-	-	0
Total	112.23	313	111.59	313	111.59	313	111.59	0	0.00	0	0.00	0
Total, phase I	1 320.68	1 256	1 362.84	1 250	1 359.15	1 141	1 348.51	5	10.65	6	3.68	44

[a] Includes values for joint procurement under both the 53 per cent and 13 per cent accounts.

[b] Includes application and cash component values.

[c] Reflects only United Nations agency procurement under the 13 per cent account (non-joint procurement).

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Annex IX

Processing of applications - phase II - as at 15 February 1998

(Millions of United States dollars)

Sector	Allocation	Applications received		Applications circulated		Applications approved		Applications on hold		Applications pending/ processing		Applications blocked
		No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.
53 per cent												
Food[a]	904.11	218	925.25	210	912.63	192	909.02	4	2.19	10	14.03	-
Medicine[a]	209.75	264	225.38	251	217.64	214	189.17	19	23.58	24	12.63	-
Water and sanitation	24.17	24	20.17	24	20.17	23	19.28	1	0.89	-	-	-
Electricity	36.00	34	44.70	28	41.96	25	40.36	1	1.15	8	3.19	-
Agriculture	24.00	34	21.12	33	21.01	28	19.37	4	1.01	2	0.74	-
Education	12.00	16	11.27	14	10.72	12	10.58	1	0.14	2	0.54	1
Total	1 210.03	590	1 247.89	560	1 224.13	494	1 187.78	30	28.96	46	31.13	1
13 per cent[b]												
Food[c]	1.89	4	1.89	4	1.89	4	1.89	-	-	-	-	-
Medicine[c]	0.25	-	0.25	-	0.25	-	0.25	-	-	-	-	-
Health	10.00	75	9.98	75	9.98	75	9.98	-	-	-	-	-
Water and sanitation	20.00	69	19.85	69	19.85	65	18.17	-	-	4	1.68	-
Electricity	19.30	27	18.97	27	18.97	27	18.97	-	-	-	-	-
Agriculture	26.00	4	26.00	4	26.00	4	26.00	-	-	-	-	-
Education	15.30	34	14.87	34	14.87	34	14.87	-	-	-	-	-
Nutrition	8.90	18	8.55	18	8.55	18	8.55	-	-	-	-	-
Resettlement	6.00	1	5.14	1	5.14	1	5.14	-	-	-	-	-
Demining	2.00	2	0.45	2	0.45	2	0.45	-	-	-	-	-
Reserve	1.00	-	-	-	-	-	-	-	-	-	-	-
Total	110.64	234	105.95	234	105.95	230	104.27	0	0.00	4	1.68	0
Total, phase II	1 320.67	824	1 353.84	794	1 330.08	724	1 292.05	30	28.96	50	32.81	1

[a] Includes values for joint procurement under both the 53 per cent and 13 per cent accounts.

[b] Includes application and cash component values.

[c] Reflects only United Nations agency procurement under the 13 per cent account (non-joint procurement).

Annex X

Processing of applications - phase III - as at 15 February 1998

(Millions of United States dollars)

Sector	Allocation	Applications received		Applications circulated		Applications approved		Applications on hold		Applications pending/ processing		Applications blocked
		No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.
53 per cent												
Food[a]	904.34	40	363.79	33	296.05	23	131.59	-	-	16	232.20	-
Medicine[a]	199.72	1	0.77	1	0.77	-	-	-	-	1	0.77	-
Water and sanitation	24.17	-	-	-	-	-	-	-	-	-	-	-
Electricity	35.50	1	0.25	-	-	-	-	-	-	1	0.25	-
Agriculture	24.00	1	6.22	1	6.22	-	-	-	-	1	6.22	-
Education	12.00	-	-	-	-	-	-	-	-	-	-	-
Total	1 199.73	43	371.03	35	303.04	23	131.59	0	0.00	19	239.44	0
13 per cent[b]												
Food[c]	1.67	-	1.38	-	1.38	-	1.38	-	-	-	-	-
Medicine[c]	0.28	-	0.10	-	0.10	-	-	-	-	-	-	-
Health	10.00	-	0.98	-	0.98	-	0.98	-	-	-	-	-
Water and sanitation	20.00	-	4.28	-	4.28	-	4.28	-	-	-	-	-
Electricity	26.00	-	3.36	-	3.36	-	3.36	-	-	-	-	-
Agriculture	26.00	-	0.75	-	0.75	-	0.75	-	-	-	-	-
Education	15.00	-	2.18	-	2.18	-	2.18	-	-	-	-	-
Nutrition	10.00	12	6.94	12	6.94	-	6.94	-	-	-	-	-
Resettlement	11.00	-	9.54	-	9.54	-	9.54	-	-	-	-	-
Demining	1.00	-	0.83	-	0.83	-	0.83	-	-	-	-	-
Total	120.95	12	30.34	12	30.34	0	30.24	0	0.00	0	0.00	0
Total, phase III	1 320.68	55	401.37	47	333.38	23	161.83	0	0.00	19	239.44	0

[a] Includes values for joint procurement under both the 53 per cent and 13 per cent accounts.

[b] Includes application and cash component values.

[c] Reflects only United Nations agency procurement under the 13 per cent account (non-joint procurement).

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Annex XI

Processing of applications - combined total for all phases - as at 15 February 1998

(Millions of United States dollars)

Sector	Allocation	Applications received		Applications circulated		Applications approved		Applications on hold		Applications pending/ processing		Applications blocked
		No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.
53 per cent												
Food[a]	2 710.90	444	2 223.22	429	2 142.86	376	1 965.67	5	11.32	26	246.23	12
Medicine[a]	619.47	812	448.83	796	438.48	702	409.24	19	23.58	28	16.00	14
Water and sanitation	72.34	53	43.06	53	43.06	52	42.17	1	0.89	0	0.00	0
Electricity	107.50	142	82.35	133	78.67	113	75.95	3	2.27	11	4.13	12
Agriculture	72.00	97	50.49	95	49.99	82	41.73	6	1.41	4	7.35	4
Education	36.00	28	22.22	26	21.67	20	21.53	1	0.14	2	0.54	3
Total	3 618.21	1 576	2 870.17	1 532	2 774.73	1 345	2 556.29	35	39.61	71	274.25	45
13 per cent[b]												
Food[c]	7.12	12	6.83	12	6.83	12	6.83	0	0.00	0	0.00	0
Medicine[c]	0.53	0	0.35	0	0.35	0	0.25	0	0.00	0	0.00	0
Health	30.10	207	20.74	207	20.74	207	20.74	0	0.00	0	0.00	0
Water and sanitation	60.20	100	44.26	100	44.26	96	42.58	0	0.00	4	1.68	0
Electricity	68.57	114	45.60	114	45.60	114	45.60	0	0.00	0	0.00	0
Agriculture	72.15	11	46.90	11	46.90	11	46.90	0	0.00	0	0.00	0
Education	45.45	62	32.00	62	32.00	62	32.00	0	0.00	0	0.00	0
Nutrition	23.90	40	20.44	40	20.44	28	20.44	0	0.00	0	0.00	0
Resettlement	29.00	2	26.68	2	26.68	2	26.68	0	0.00	0	0.00	0
Demining	5.50	10	3.78	10	3.78	10	3.78	0	0.00	0	0.00	0
Epidemiological survey	0.30	1	0.30	1	0.30	1	0.30	0	0.00	0	0.00	0
Reserve	1.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0
Total	343.82	559	247.88	559	247.88	543	246.10	0	0.00	4	1.68	0
Total, all phases	3 962.03	2 135	3 118.05	2 091	3 022.61	1 888	2 802.39	35	39.61	75	275.93	45

[a] Includes values for joint procurement under both the 53 per cent and 13 per cent accounts.

[b] Includes application and cash component values.

[c] Reflects only United Nations agency procurement under the 13 per cent account (non-joint procurement).